

# **BUDGET AND MANAGEMENT**

## **DESCRIPTION**

The primary functions of the Department of Budget and Management are to provide financial and management information, control, and guidance to the Board of Supervisors, County Administrator, and county departments and divisions. The department also manages the development and execution of the Biennial Financial Plan and multi-year Capital Improvement Program, performs special projects including research and analyses for the County Administrator and Board of Supervisors, and

oversees all county capital projects. The department also provides fiscal impact analyses on state legislative issues and administers the county's cash proffer policy. In addition, the department is responsible for the county's overall debt management which includes analyzing the county's ability to issue debt, analyzing debt affordability scenarios, and coordinating all financings as well as bond referenda.

## **FINANCIAL ACTIVITY**

	<b>FY2002 Actual</b>	<b>FY2003 Adopted</b>	<b>FY2004 Biennial Planned</b>	<b>FY2004 Adopted</b>	<b>Change FY2003 to FY2004</b>	<b>FY2005 Projected</b>	<b>FY2006 Projected</b>	<b>FY2007 Projected</b>
<b>Personnel</b>	\$709,551	\$734,900	\$734,900	\$756,000	2.9%	\$756,000	\$756,000	\$756,000
<b>Operating</b>	43,766	66,600	66,600	69,100	3.8%	69,100	69,100	69,100
<b>Capital</b>	<u>3,952</u>	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>	0.0%	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>
<b>Total</b>	\$757,269	\$816,000	\$816,000	\$839,600	2.9%	\$839,600	\$839,600	\$839,600
<b>Revenue</b>	<u>108</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Cost</b>	\$757,161	\$816,000	\$816,000	\$839,600	2.9%	\$839,600	\$839,600	\$839,600
<b>FT Pos.</b>	11	11	11	12	1	12	12	12

Note: One position was transferred from the "Unassigned" responsibility center during FY2003.

## **BUDGET ANALYSIS AND EVALUATION**

The Budget and Management Department's primary focus will continue to be the development and administration of the Biennial Financial Plan and Capital Improvement Program. In addition, the department will continue to focus on performing special projects for the County Administrator and Board of Supervisors. Assisting other county departments in their efforts to monitor and analyze their budgets will also be an ongoing priority.

This department played an integral role in the success of the 1996 bond referendum and will prepare for the next referendum planned for the fall of 2004. A major focus for the next year will be to continue the county's history of excellent financial

management. In January 2003 the county's "triple AAA" general obligation bond rating was reaffirmed with the sale of \$32.5 million in public improvement refunding bonds in the bond market. Chesterfield is one of fewer than 25 counties in the nation to hold a "triple AAA" bond rating from all three of the major bond rating agencies: Moody's, Standard and Poor's, and Fitch Investors.

The Budget and Management Department is responsible for implementation and administration of the county's cash proffer policy. Cash proffers help defray the cost of capital facilities needed to serve new development. Staff will continue to perform fiscal impact analyses on all proposed new

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residential development, continue to update the costs of these capital facilities per new household, and present this information to the Board of Supervisors annually. Since the inception of the cash proffer program, potential cash proffered for capital facilities associated with residential development totaled approximately \$57.9 million as of June 30, 2002.

The department will continue to spend considerable man-hours working on both the countywide strategic performance report and departmental performance plans. Departmental budget submissions for FY2004 included enhanced and refined goals, objectives, and measures, and included targets, benchmarking data, and initiatives. These departmental performance plans clearly show alignment with the countywide strategic goals and objectives.

Budget and Management will continue to participate in the financial management of capital facility construction. This entails monitoring county capital projects to help ensure that projects do not exceed budget allocations. During FY2004 capital projects that will be monitored include completion of the Rivers Bend Fire Station, design of the Courthouse Fire Station, construction of the replacement jail facility, and continued work on the new financial and human resource/payroll system.

Budget and Management has been involved in the design/implementation of the new financial and human resource/payroll system. This multiyear project, funded in the FY2004-2010 Capital Improvement Program (CIP), will require significant attention from budget staff in FY2004. The final portion of funding is budgeted in FY2004, and staff will continue to document existing processes and refine the implementation plan. The county intends to evaluate and procure software and implementation services in FY2004 and the system is planned to be on-line in FY2006.

The department continues to play a significant role in the development of the Technology Improvement Program (TIP). The TIP is developed annually in conjunction with the county's Biennial Financial Plan and Capital Improvement Program. The program depicts the arrangement of technology projects countywide in priority order and identifies project

costs, ongoing operating costs, and anticipated funding sources. Implementation of the TIP represents a three-year investment plan for the deployment and funding of technology, and demonstrates the county's commitment as a technology leader in local government. Detailed information on the TIP can be found in the FY2004-2010 Capital Improvement Program.

Department staff will continue to be heavily involved in total quality initiatives. The Director of Budget and Management served as a board member of the U.S. Senate Productivity and Quality Award Program (SPQA) in 2002. The Senate Productivity and Quality Award program is one of the longest-running state quality programs in the nation. The program cultivates continuous performance improvement of Virginia's organizations through a process of knowledge sharing, feedback, evaluation, and recognition, resulting in economic growth for the commonwealth.

The county intends to reapply for the Award for Continuing Excellence (ACE) in 2004. A cross-departmental team has been formed to develop the application document. Budget and Management has played a significant role in this effort to date, and will continue to do so until the application is completed in January 2004. Additionally, staff continues to play a leadership role in the development of Chesterfield University, serving on the Board of Advisors for both the School of Applied Business Skills and Technology and the School of Quality.

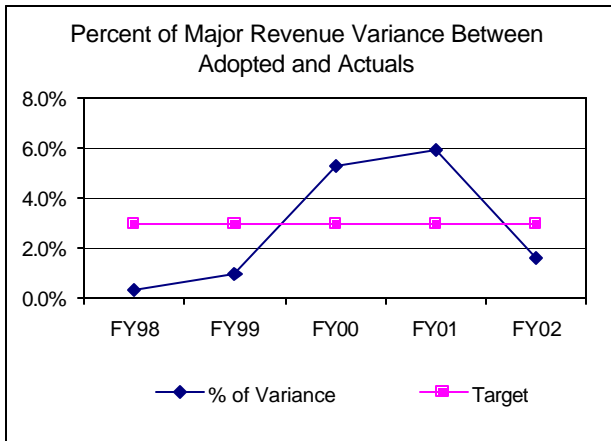
One full-time position is being transferred from the county's "unassigned" responsibility center to Budget and Management to assist with workload in the areas of strategic planning, benchmarking, process control improvements and flow charting, debt management, design and implementation of the new financial system, and cash proffer methodology. This will be the first increase in staffing levels in the Budget and Management Department in thirteen years.

The FY2004 budget includes funding to replace four computers as well as software upgrades. Also during FY2004 the department will continue to work to complete the flow charting of all current processes and assessing areas to improve and enhance services.

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## HOW ARE WE DOING?

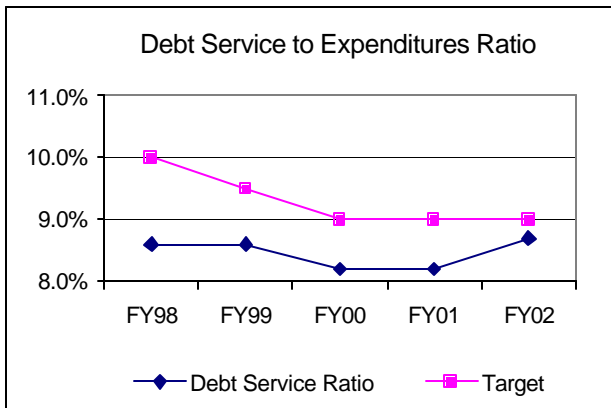
**Goal:** Ensure fiscal integrity in resource allocation. Supports countywide strategic goal number 1  
**Objective:** Provide accurate estimate of resources  
**Measure:** Percent of major revenue variance between adopted revenues and actual revenues



### Initiatives

- Biennial Financial Plan
- 3 year projections of revenues
- Monthly revenue analysis
- Revenue modeling: trends, regression

**Goal:** Ensure fiscal integrity in resource allocation. Supports countywide strategic goal number 1  
**Objective:** Develop and administer the operating and capital budgets  
**Measure:** Debt service to expenditures ratio



### Initiatives

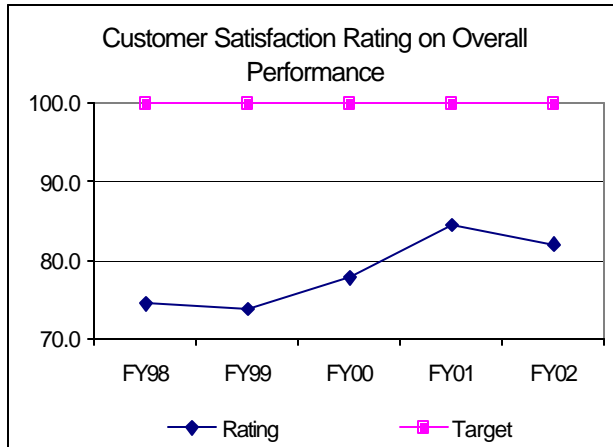
- Five year Capital Improvement Program
- Debt affordability model
- Biennial Financial Plan
- Board of Supervisors-approved debt management policies

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**Goal:** Consistently exceed customer expectations. Supports countywide strategic goal numbers 1 and 2

**Objective:** Develop and administer the operating and capital budgets

**Measure:** Internal customer satisfaction survey relating to overall performance of the Budget and Management Department. An overall rating of 100 is the maximum achievable



## Initiatives

- Customer satisfaction survey
- Increase consultations with departments
- Enhance new analyst training
- Increase communication with departments throughout the year

## WHERE ARE WE GOING?

The department will continue to experience an increasing workload and more complex budget scenarios. This will demand creativity and efficiency from department staff. Additionally, the need for an upgrade and rewrite of the department's automated budget system has become critical. The current system was developed in the mid 1990's by Budget and Management staff. As the county's budget

becomes larger and more complex, a more sophisticated and powerful system is needed. It is anticipated that the new financial system will address this critical need.

Sufficient funding is included in each year to continue replacement of obsolete computers.